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Canada Employment Insurance Commission to Reduce EI Premium Rates for 2007

The Honourable Jim Flaherty, Minister of Finance, today welcomed the decision by the independent Canada Employment Insurance Commission to reduce employment insurance (EI) premium rates for 2007.

For employees, the premium rate will fall to $1.80 from its current level of $1.87 per $100 of insurable earnings, effective January 1, 2007. The rate paid by employers will be reduced to $2.52 from $2.62 per $100 of insurable earnings.

The Report of the Human Resources and Social Development (HRSD) Chief Actuary, which draws upon economic assumptions provided by the Minister of Finance, anticipates that these rates should generate just enough premium revenue in 2007 to cover EI benefit payments for that year, as prescribed by the Employment Insurance Act.

The 2007 EI premium rates for Quebec will be $1.46 for employees and $2.04 for employers. These are lower than in the rest of Canada because Quebec finances its own parental benefits.

The HRSD Chief Actuary has also calculated the maximum insurable earnings (MIE) for 2007 as being $40,000, up $1,000 from its 2006 level. The MIE is the income level up to which earnings are insured and on which premiums are paid by employees and employers. This in turn also determines maximum weekly EI benefits.

The MIE had been set at $39,000 until the average wage in Canada caught up to it. This has now happened and the MIE will now grow with the average Canadian wage.

The premium rate reduction combined with the MIE increase will save employers and employees $420 million compared to the 2006 premium rate and MIE.

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